GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

STARRED QUESTION NO:395
ANSWERED ON:15.12.2000
FDI WITHOUT FIPB PERMISSION
THAAWAR CHAND GEHLOT

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the industries which have been allowed by the Government to have foreign investment without the approval of the Foreign Investment Promotion Board;

(b) the reasons for giving them such exemption;

(c) the names of the industries kept out of the purview of such exemption; and

(d) the details of the above scheme?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY (DR. RAMAN SINGH)

(a) to (d) A statement is laid on the table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO.395 FOR ANSWER ON 15-12-2000

(a) to (d): Government has placed all items/activities, barring some exceptions, under the automatic route for upto 100% Foreign Direct Investment , Non-Resident Indians (NRI) and Overseas Corporate Body (OCB) investment. The following items/activities are the exceptions to the above:

1. All proposals that require an Industrial Licence which include (I) the item requiring an Industrial Licence under the Industries (Development and Regulation) Act, 1951; (II) foreign investment being more than 24% in the equity capital of units manufacturing items reserved from small scale industries; and (III)all items which require an Industrial Licence in terms of the locational policy notified by Government

2. All proposals in which the foreign collaborator has a previous venture/tie-up in India.

3. All proposals relating to acquisition of shares in an existing Indian company in favour of a foreign/NRI/OCB investor.

4. All proposals falling outside notified sectoral policy/caps or under sectors in which FDI is not permitted and/or whenever any investor chooses to make an application to the Government and not to avail of the automatic route.

The policy has been liberalised in order to attract more FDI and to supplement domestic capital in India.